GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:200
ANSWERED ON:11.12.2015
Seventh Central Pay Commission
Kachhadia Shri Naranbhai;Karadi Shri Sanganna Amarappa

Will the Minister of FINANCE be pleased to state:

(a) the salient features/recommendations of the Seventh Central Pay Commission (CPC) received by the Government along with the observations on anomalies/disparities of pay scales/structures, Bonus, Dearness Allowance and House Rent Allowance etc.;

(b) the likely date from which the recommendations of the Seventh CPC is likely to be implemented along with the estimated financial implication to the exchequer for implementation of the said Report; and;

(c) whether representations have been received by the Government with regard to the shortcomings of the Report, if so, the details thereof and the steps taken by the Government to remove those shortcomings at the implementation stage of the Report?

Answer

MINISTER OF FINANCE
(SHRI ARUN JAITLEY)

(a) to (c) A statement is laid on the Table of the House.

STATEMENT AS REFERRED TO IN REPLY TO PARTS (A) TO (C) OF LOK SABHA STARRED QUESTION NO.*200 TO BE ANSWERED ON 11th DECEMBER, 2015 REGARDING SEVENTH CENTRAL PAY COMMISSION BY SHRI NAIRANBHAI KACHHADIYA AND SHRI SANGANNA AMARAPPA

(a): The main recommendations of the Seventh Central Pay Commission (7th CPC) are as under:

â€¢ Pay scale/Structure: A new Pay Matrix in place of the present system of pay bands and grade pay in respect of both civilians and defence personnel. A fitment factor of 2.57 to be applied uniformly for all employees. The minimum pay at ?18,000 per month for the lowest level post of Central Government and at maximum pay at ?2.25 Lakh per month for Apex Scale and ?2.5 Lakh per month for Cabinet Secretary.

â€¢ Bonus: The existing Bonus scheme to be replaced with the Performance Related Pay (PRP) for all categories of Central Government employees.

â€¢ Dearness Allowance:Continuance of the existing formula and methodology for calculating the Dearness Allowance.

â€¢ House Rent Allowance: HRA at the rate of 24%, 16% and 8% for Class X, Y and Z cities respectively which will be revised to 27%, 18% & 9% respectively when DA crosses 50%, and further to 30%, 20% and 10% when DA crosses 100%.

â€¢ Allowances and Advances: The Commission has recommended for rationalisation of various allowances and advances. The Commission has recommended revised House Building Advance ceiling at 34 times Basic Pay or Rs 25 Lakh or anticipated price of house, whichever is least.

â€¢ Military Service Pay, payable to all ranks up to and inclusive of Brigadiers and their equivalents, enhanced.

â€¢ Increase in monthly subscription amount at three slab rates of Rs.1500, Rs.2500 and Rs 5000 depending upon the Level of the employees, with corresponding increase in insurance amounts to Rs 15 Lakh, Rs.25 lakh and Rs 50 Lakh under Central Government Employees Group Insurance Scheme.
â€¢ Minimum pension revised from Rs.3500/- per month to Rs.9000/- per month.
â€¢ The ceiling on Gratuity enhanced from existing Rs.10 lakh to Rs.20 lakh, to be revised by 25% whenever DA rises by 50%.
â€¢ Slab based system for disability element, instead of existing percentile based disability pension regime.
â€¢ Revision of rates of lump sum compensation for next of kin (NOK) in case of death arising in various circumstances relating to performance of duties, to be applied uniformly for the defence forces personnel and civilians including CAPF personnel.

â€¢ CAPF personnel to be accorded martyr status in case of death in the line of duty.

â€¢ In respect of National Pension System, different options for investment mix and providing subscribers a range of options, establishment of an Ombudsman for redressing individual grievances, tax exemption in case of withdrawal under NPS, etc.

(b) The 7th CPC has proposed for implementation of its recommendations with effect from 1.1.2016. The additional financial

implications, as estimated by the Commission, is likely to be Rs.1,02,100/- crore in financial year 2016-17.

(c): Various representations from various quarters of employees and staff associations have been received, raising certain issues pertaining to pay, allowances etc. While processing the recommendations of the 7th Central Pay Commission, these issues would be kept in view by the Government.